Department of State TELEGRAM

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FM AMEMBASSY ROME
TO SECSTATE WASHDC 6569

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SUBJ: AIR TRANSPORT AGREEMENT OF JUNE 22, 1970

REF: STATE A-103 AND STATE 1312

1. GOI OFFICIAL TEXT OF AIR TRANSPORT AGREEMENT OF JUNE 22, 1970, CONTAINS THE PHRASE "CERTAIN UNDERSTANDINGS WERE REACHED ON BEHIND THE GATEWAY SERVICES" IN THE APPROPRIATE PLACE IN ENGLISH-LANGUAGE NOTE SIGNED BY AMBASSADOR MARTIN. ITALIAN TRANSLATION OF NOTE ALSO HAS THIS PHRASING IN THE APPROPRIATE PLACE.

2. SINCE THE GOI OFFICIAL TEXT CONTAINS THE CORRECT PHRASING, WE ASSUME NO FURTHER ACTION REQUIRED BY EMBASSY IN ORDER TO EFFECT THE CORRECTION IN WASHINGTON TEXT OF THE AGREEMENT.
MARTIN

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY _____ DATE 5 MAY 1992
RDS ☐ or XDS ☐ EXT. DATE
TS AUTH. _____
ENDORSE EXISTING DECLASSIFICATION ☐
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PA or FOI EXEMPTIONS _____
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Article 4

A. Each Contracting Party reserves the right to withhold, suspend or revoke the operating permission referred to in Article 3 of this Agreement with respect to an airline designated by the other Contracting Party, or to impose conditions on such permission, in the event that:

1. such airline fails to qualify under the laws and regulations normally applied by the aeronautical authorities of that Contracting Party;
2. such airline fails to comply with the laws and regulations referred to in Article 5 of this Agreement;
3. that Contracting Party is not satisfied that substantial ownership and effective control of such airline are vested in nationals of the other Contracting Party; or

B. Unless immediate action is essential to prevent infringement of the laws and regulations referred to in Article 5 of this Agreement, the right to suspend or revoke such permission shall be exercised only after consultation with the other Contracting Party.

Article 5

A. The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of the airline or airlines designated by the other Contracting Party and shall be complied with by such aircraft upon entrance into or departure from, and while within the territory of the first Contracting Party.

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B. The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of passengers, crew or cargo of aircraft, such as regulations relating to entry, clearance, immigration, passports, customs, and quarantine shall be compiled with by or on behalf of such passengers, crew, or cargo of the other Contracting Party upon entrance into or departure from, and while within, the territory of the first Contracting Party.

Article 6

Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one Contracting Party, and still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating the routes and services provided for in this Agreement, provided that the requirements under which such certificates or licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention on International Civil Aviation. Each Contracting Party reserves the right, however, to refuse to recognize, for the purpose of flight above its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

Article 7

Each Contracting Party may impose or permit to be imposed just and reasonable charges for the use of public airports and other facilities under its control. Each of the Contracting Parties agrees, however, that these charges shall not be higher than the charges imposed for the use of such airports and facilities by its national aircraft engaged in similar international services.

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Article 8

A. Each Contracting Party shall exempt the designated airline or airlines of the other Contracting Party to the fullest extent possible under its national law from import restrictions, customs duties, excise taxes, inspection fees, and other national duties and charges on fuel, lubricants, consumable technical supplies, spare parts including engines, regular equipment, ground equipment, stores, and other items intended for use solely in connection with the operation or servicing of aircraft of the airlines of such other Contracting Party in international air service. The exemptions provided under this paragraph shall apply to items:

(1) introduced into the territory of one Contracting Party by the airlines of the other Contracting Party or its nationals;

(2) retained on aircraft of the airlines of one Contracting Party upon arriving in or leaving the territory of the other Contracting Party; or

(3) taken on board aircraft of the airlines of one Contracting Party in the territory of the other and intended for use in international air service;

whether or not such items are used or consumed wholly within the territory of the Contracting Party granting the exemption.

B. The exemptions provided under this Article shall also be available in situations where the designated airline or airlines of one Contracting Party have entered into arrangements with another airline or airlines for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraph A, provided such other airline or airlines similarly enjoy such exemptions from such other Contracting Party.

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Article 9

A. There shall be a fair and equal opportunity for the airlines of each Contracting Party to operate on any route covered by this Agreement.

B. In the operation by the airlines of either Contracting Party of the air services described in this Agreement, the interest of the airlines of the other Contracting Party shall be taken into consideration so as not to affect unduly the services which the latter provide on all or part of the same routes.

C. The air services made available to the public by the airlines operating under this Agreement shall bear a close relationship to the requirements of the public for such services.

D. Services provided by a designated airline under the present Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the countries of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be applied in accordance with the general principles of orderly development to which both Contracting Parties subscribe and shall be subject to the general principle that capacity should be related:

1. to traffic requirements between the country of origin and the countries of ultimate destination of the traffic;
2. to the requirements of through airline operation; and,
3. to the traffic requirements of the area through which the airline passes, after taking account of local and regional services.

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E. Neither Contracting Party shall unilaterally impose any restriction on the airline or airlines of the other Contracting Party with respect to capacity, frequency, scheduling or type of aircraft employed in connection with services over any of the routes specified in this Agreement. In the event that one of the Contracting Parties believes that the operations conducted by an airline of the other Contracting Party have been inconsistent with the standards and principles set forth in Article 9, it may request consultation pursuant to Article 11 of the Agreement for the purpose of reviewing the operations in question to determine whether they are in conformity with said standards and principles.

Article 10

A. All rates to be charged by an airline of one Contracting Party for carriage to or from the territory of the other Contracting Party shall be established at reasonable levels, due regard being paid to all relevant factors, such as costs of operation, reasonable profit, and the rates charged by any other airlines, as well as the characteristics of each service. Such rates shall be subject to the approval of the aeronautical authorities of the Contracting Parties, who shall act in accordance with their obligations under this Agreement, within the limits of their legal powers.

B. Any rate proposed to be charged by an airline of either Contracting Party for carriage to or from the territory of the other Contracting Party, shall, if so required, be filed by such airline with the aeronautical authorities of the other Contracting Party at least thirty (30) days before the proposed date of introduction unless the Contracting Party with whom the filing is to be made permits

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filing on shorter notice. The aeronautical authorities of each Contracting Party shall use their best efforts to insure that the rates charged and collected conform to the rates filed with either Contracting Party, and that no airline rebates any portion of such rates by any means, directly or indirectly, including the payment of excessive sales commissions to agents or the use of unrealistic currency conversion rates.

C. It is recognized by both Contracting Parties that during any period for which either Contracting Party has approved the traffic conference procedures of the International Air Transport Association, or other association of international air carriers, any rate agreements concluded through these procedures and involving an airline or airlines of that Contracting Party will be subject to the approval of the aeronautical authorities of that Contracting Party.

D. If a Contracting Party, on receipt of the notification referred to in paragraph B above, is dissatisfied with the rate proposed, it shall so inform the other Contracting Party at least fifteen (15) days prior to the date that such rate would otherwise become effective, and the Contracting Parties shall endeavor to reach agreement on the appropriate rate.

E. If a Contracting Party upon review of an existing rate charged for carriage to or from its territory by an airline or airlines of the other Contracting Party is dissatisfied with that rate, it shall so notify the other Contracting Party and the Contracting Parties shall endeavor to reach agreement on the appropriate rate.

F. In the event that an agreement is reached pursuant to the provisions of paragraph D or E, each Contracting Party will exercise its best efforts to put such rate into effect.

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G. If:

(1) under the circumstances set forth in paragraph D no agreement can be reached prior to the date that such rate would otherwise become effective, or

(2) under the circumstances set forth in paragraph E no agreement can be reached prior to the expiration of sixty (60) days from the date of notification,

then the Contracting Party raising the objection to the rate may take such steps as it may consider necessary to prevent the inauguration or the continuation of the service in question at the rate complained of; provided, however, that the Contracting Party raising the objection shall not require the charging of a rate higher than the lowest rate charged by its own airline or airlines for comparable service between the same points.

H. When in any case under paragraphs D and E of this Article the aeronautical authorities of the two Contracting Parties cannot agree within a reasonable time upon the appropriate rate after consultation initiated by the complaint of one Contracting Party concerning the proposed rate or an existing rate of the airline or airlines of the other Contracting Party, upon the request of either, the terms of Article 12 of this Agreement shall apply. In rendering its decision or award, the arbitral tribunal shall be guided by the principles laid down in this Article.

I (i) Each designated airline has the right to engage in the sale of air transportation in the territory of the other Contracting Party either directly or, in its discretion, through its agents or agents. Such airline shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in the currency of that territory or in freely convertible currencies of

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other countries.

(ii) Any rate specified in terms of the national currency of one of the Contracting Parties shall be established in an amount which reflects the effective exchange rate (including all exchange fees or other charges) at which the airlines of both Parties can convert and remit the revenues from their transport operations into the national currency of the other Party.

(iii) Each designated airline has the right to convert and remit to its country surplus earnings in excess of sums locally disbursed resulting from revenues in the territory of the other Contracting Party. Conversion and remittance of such surplus earnings shall be at the rate of exchange specified in paragraph (ii) above in effect for the sale of transportation at the time such surplus is presented for conversion and remittance, shall be exempted from taxation and any restriction, and shall be permitted promptly.

(iv) If a Contracting Party does not have a convertible currency and requires the submission of applications for conversion and remittance, the airlines of the other Contracting Party shall be permitted to file as often as weekly applications for conversion and remittance of surplus earnings, free of unnecessary or discriminatory documentary requirements.

Article 11

A. Either Contracting Party may at any time request consultations on the interpretation, application or amendment of this Agreement. Such consultations shall begin within a period of sixty (60) days from the date the other Contracting Party receives the request.

B. Amendments of this Agreement, other than those pertaining to the Route Schedule, will come into force in the same manner as this Agreement comes into force.

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C. Amendments of the Route Schedule will come into effect after approval in accordance with the domestic laws and procedures of each Contracting Party on the date of an exchange of diplomatic notes.

Article 12

A. Any dispute with respect to matters covered by this Agreement not satisfactorily adjusted through consultation shall, upon request of either Contracting Party, be submitted to arbitration in accordance with the procedures set forth herein.

B. Arbitration shall be by a tribunal of three arbitrators constituted as follows:

(1) One arbitrator shall be named by each Contracting Party within 60 days of the date of delivery by either Contracting Party to the other of a request for arbitration. Within 30 days after such period of 60 days, the two arbitrators so designated shall by agreement designate a third arbitrator, who shall not be a national of either Contracting Party.

(2) If the third arbitrator is not agreed upon in accordance with sub-paragraph (1) above, either Contracting Party may request the President of the Council of the International Civil Aviation Organization to designate the necessary arbitrator.

C. Each Contracting Party shall use its best efforts consistent with its national law to put into effect any decision or award of the arbitral tribunal.

D. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Contracting Parties.

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Article 13

This Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

Article 14

Either of the Contracting Parties may at any time notify the other of its intention to terminate the present Agreement. Such a notice shall be sent simultaneously to the International Civil Aviation Organization. This Agreement shall terminate one year after the date on which the notice of termination is received by the other Contracting Party, unless withdrawn before the end of this period by agreement between the Contracting Parties. Should the other party not acknowledge receipt, the notification will be considered as having been received fourteen days subsequent to the date of its receipt by the International Civil Aviation Organization.

Article 15

This Agreement shall become operative on the day it is signed. The Government of Italy shall notify the Government of the United States of the completion of the formalities prescribed in the internal legislation of Italy, and the Agreement shall become definitive upon the date of such notification.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed the present Agreement.

Done in duplicate at _____ in the English and Italian languages, both texts being equally authentic, this _____ day of ___, 19__.

For the Government of the United States of America:

For the Government of Italy:

Route Schedule.

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A. An airline or airlines designated by the Government of the United States shall be entitled to operate air services on each of the routes specified, in both directions, and to make scheduled landings in the territory of Italy at the points specified in this paragraph:

From ----------

B. An airline or airlines designated by the Government of Italy shall be entitled to operate air services on each of the routes specified, in both directions, and to make scheduled landings in the territory of the United States at the points specified in this paragraph:

From ----------

C. Points on any of the specified routes may at the option of the designated airline be omitted on any or all flights.

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